

WAUKEE COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009



**WAUKEE COMMUNITY SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
June 30, 2009

Board of Education and Attorney		<u>Page</u> 3
Independent Auditor's Report		5-6
Management's Discussion and Analysis (MD&A)		7-13
<u>Basic Financial Statements:</u>	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Governmental Fund Financial Statements:		
Balance Sheet	C	19
Reconciliation of the Balance Sheet -		
Governmental Funds to the Statement of Net Assets	D	20
Statement of Revenues, Expenditures and Changes in Fund Balances	E	21-22
Reconciliation of the Statement of Revenues, Expenditures And Changes		
in Fund Balances - Governmental Funds To the Statement of Activities	F	23
Proprietary Funds Financial Statements:		
Statement of Net Assets	G	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	H	25
Statement of Cash Flows	I	26
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Assets	J	27
Statement of Changes in Fiduciary Net Assets	K	28
Notes to Financial Statements		29-48
<u>Required Supplementary Information:</u>		
Schedule of Funding Progress for the Retiree Health Plan		50
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in		
Balances-Budget and Actual-All Governmental Funds and Proprietary Funds		51
Notes to Required Supplementary Information - Budgetary Reporting		52
<u>Other Supplementary Information:</u>	<u>Schedule</u>	
Combining and Individual Fund Financial Statements and Schedules:		
Non-major Governmental Funds:		
Combining Balance Sheet	1	54
Combining Schedule of Revenues, Expenditures and		
Changes in Fund Balances	2	55-57
Internal Service Funds:		
Combining Schedule of Net Assets	3	58
Combining Schedule of Revenues, Expenses and Changes in Net Assets	4	59-60
Combining Schedule of Cash Flows	5	61
Other Financial Schedules:		
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	6	62-63
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Fund	7	64
Schedule of Revenues by Source and Expenditures by Function -		
All Governmental Funds	8	65
Schedule of Expenditures of Federal Awards	9	66
Independent Auditor's Report on Internal Control over Financial Reporting		
and on Compliance and Other Matters Based on an Audit of Financial		
Statements Performed in Accordance with <i>Government Auditing Standards</i>		67-68
Independent Auditor's Report on Compliance with Requirements Applicable		
to Each Major Program and on Internal Control over Compliance		
in Accordance with OMB Circular A-133		69-70
Schedule of Findings and Questioned Costs		71-73



## **Waukee Community School District**

### Board of Education and Attorney

#### **Board of Education**

(Before September, 2008 Election)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Wayne Cooper	President	2009
Larry Lyon	Vice President	2008
Pat De Mouth	Board Member	2009
Tracy Lepeltak	Board Member	2009
Russ Wiesley	Board Member	2009
Peggy Pierce	Board Member	2008
Jerry Ripperger	Board Member	2008

#### **Board of Education**

(After September, 2008 Election)

Pat De Mouth	President	2009
Larry Lyon	Vice President	2011
Wayne Cooper	Board Member	2009
Tracy Lepeltak	Board Member	2009
Russ Wiesley	Board Member	2009
Susan Bunz	Board Member	2011
Jerry Ripperger	Board Member	2011

#### **Board Attorney**

Ahlers & Cooney, P.C.	School Attorney	Indefinite
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### Independent Auditor's Report

To the Board of Education  
Waukee Community School District  
Waukee, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukee Community School District, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Waukee Community School District as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2010 on our consideration of Waukee Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Schedule of Funding Progress for the Retiree Health Plan and Budgetary Comparison Information on pages 7 through 13 and 50 through 52 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waukeet Community School District's basic financial statements. A different accounting firm audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements. We audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

May 5, 2010



# WAUKEE COMMUNITY SCHOOL DISTRICT

## Management's Discussion and Analysis For Fiscal Year Ended June 30, 2009

It is with great pleasure we present to you the financial picture of Waukee Community School District. We offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Waukee Community School District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the District's financial statements which follow.

### Financial Highlights

The District showed an increase in net assets of \$13,061,145 during the year ended June 30, 2009.

Total revenues for the fiscal year ended June 30, 2009 of \$69,764,274 were comprised of General Revenues in the amount of \$57,618,564 and program revenues totaling \$12,145,710.

As of June 30, 2009, unreserved fund balance for the General Fund was \$9,085,543 or 19.80% of General Fund expenditures. The financial solvency ratio for the year ended June 30, 2009 was 18.94%, which is an increase of 3.26% over the previous year. This increase is attributed to unreserved fund balance keeping pace with revenue increases and a favorable ratio of total revenues to total expenditures.

The Waukee Community School District's total long-term bonded debt increased by \$41,155,000 due to the issuance of general obligation bonds issued in April of 2009.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Waukee Community School District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of Waukee Community School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all Waukee Community School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the changes occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements reflect functions of the Waukee Community School District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional services, other and interest on long-term debt. Business type activities are those that the District charges a fee to help cover the costs such as School Nutrition.

The government-wide financial statements include only Waukee Community School District. There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the District.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Waukee Community School

District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Waukee Community School District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service and Capital Projects Funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 19 through 23 of this report.

**Proprietary fund** – The District maintains only one type of proprietary fund, the enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District maintains one enterprise fund.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

**Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Waukee Community School District's own programs. The fiduciary funds of the District are agency funds. Agency funds are custodial in nature and do not involve measurement of results of operation.

The basic fiduciary fund financial statements can be found on pages 27 through 28 of this report.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the funding of Waukee Community School District's retiree health plan and budgetary comparison information. Required supplemental information can be found on pages 50 through 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District's total net assets have increased from a year ago from \$38,590,964 to \$51,652,109.

A significant portion of the District's total assets reflects its investment in capital assets. The District uses these capital assets to provide educational services; consequently, these assets are not available for future spending. The District's net assets invested in capital assets, net of related debt, was \$30,133,212. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 Statement of Net Assets							
	Governmental activities		Business type activities		Total		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-09
Current assets	\$ 118,668,419	69,699,365	1,657,951	1,217,661	120,326,370	70,917,026	69.7%
Capital assets, net	108,245,275	97,335,773	961,494	1,073,417	109,206,769	98,409,190	11.0%
Other noncurrent assets	119,060	127,437	-	-	119,060	127,437	-6.6%
<b>Total assets</b>	<b>227,032,754</b>	<b>167,162,575</b>	<b>2,619,445</b>	<b>2,291,078</b>	<b>229,652,199</b>	<b>169,453,653</b>	<b>35.5%</b>
Current liabilities	54,305,759	49,378,176	93,232	-	54,398,991	49,378,176	10.2%
Noncurrent liabilities	123,573,739	81,417,979	27,360	66,534	123,601,099	81,484,513	51.7%
<b>Total liabilities</b>	<b>177,879,498</b>	<b>130,796,155</b>	<b>120,592</b>	<b>66,534</b>	<b>178,000,090</b>	<b>130,862,689</b>	<b>36.0%</b>
Net assets:							
Invested in capital assets, net of related debt	29,171,718	18,331,620	961,494	1,073,417	30,133,212	19,405,037	55.3%
Restricted	4,452,801	9,922,010	-	-	4,452,801	9,922,010	-55.1%
Unrestricted	15,528,737	8,112,790	1,537,359	1,151,127	17,066,096	9,263,917	84.2%
<b>Total net assets</b>	<b>\$ 49,153,256</b>	<b>36,366,420</b>	<b>2,498,853</b>	<b>2,224,544</b>	<b>51,652,109</b>	<b>38,590,964</b>	<b>33.8%</b>

The restricted portion of the District's net assets (8.6%) represents resources that are subject to external restrictions on how they may be used. These restrictions include \$30,279 for special restricted purposes, \$3,297,922 for Physical Plant and Equipment, \$51,317,628 for Capital Projects and \$492,819 for other special revenue purposes. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to students and creditors.

At the end of the current fiscal year, the Waukeel Community School District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The District's total net assets increased by \$13,061,145, or 33.8%, during the current fiscal year. The total invested in capital assets net of related debt increased 55.3%. The governmental activities net assets increased by \$12,786,836. Business type activities increased by \$274,309. The increase in governmental activities net assets is mainly attributable to less than expected budgeted expenditures during a time that the District is growing dramatically and investing heavily in capital assets.

Table 2 highlights the District's revenues and expenses for the fiscal year ended June 30, 2009 as compared to the fiscal year ended June 30, 2008. These two main components are subtracted to yield the change in net assets. This table utilized the full accrual method of accounting. Revenue is further divided into two major components: Program Revenue and General Revenue. Program Revenue is defined as charges for services and sales, operating and capital grants and contributions. General Revenue includes taxes and unrestricted grants such as state foundation support.

<b>Table 2</b>							
<b>Changes in Net Assets</b>							
	<b>Governmental activities</b>		<b>Business type activities</b>		<b>Total District</b>		<b>Total Change</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	
<b>Revenues:</b>							
Program revenues:							
Charges for services	\$ 2,127,735	2,196,224	2,970,821	2,608,137	5,098,556	4,804,361	6.12%
Operating grants and contributions	6,461,886	4,680,999	585,268	504,340	7,047,154	5,185,339	35.91%
General Revenues:							-
Property and other taxes	33,707,077	27,644,301	-	-	33,707,077	27,644,301	21.93%
Statewide sales and services tax	4,785,137	4,780,752	-	-	4,785,137	4,780,752	0.09%
Unrestricted state grants	17,947,867	17,597,500	-	-	17,947,867	17,597,500	1.99%
Unrestricted investment earnings	570,523	840,642	12,977	40,396	583,500	881,038	-33.77%
Other	594,933	576,131	50	28	594,983	576,159	3.27%
Transfer - capital contribution	-	(621,256)	-	621,256	-	-	-
Total revenues	66,195,158	57,695,293	3,569,116	3,774,157	69,764,274	61,469,450	13.49%
<b>Expenses:</b>							
Program expenses:							
Instruction	33,853,764	29,165,013	-	11,932	33,853,764	29,176,945	16.03%
Support services	13,692,553	13,714,587	257,408	359,328	13,949,961	14,073,915	-0.88%
Non-instructional programs	-	21,238	3,037,399	2,640,076	3,037,399	2,661,314	14.13%
Other	2,066,925	1,824,916	-	-	2,066,925	1,824,916	13.26%
Debt service	3,795,080	3,290,699	-	-	3,795,080	3,290,699	15.33%
Total expenses	53,408,322	48,016,453	3,294,807	3,011,336	56,703,129	51,027,789	11.12%
Changes in net assets	\$ 12,786,836	9,678,840	274,309	762,821	13,061,145	10,441,661	25.09%

Expenses are shown in programs including instruction, support services, non-instructional programs, other and interest on long-term debt.

The number of students served by the District increased by approximately 479 students, which was a 8.7% increase over the prior year. This accounts for the across the board increase in revenues and expenses in both governmental activities and business-type activities. Investment earnings decreased 33.6% due to falling interest rates and decreased availability of investment capital for greater periods of time. Statewide sales and services taxes increased by only 0.48% due to an overall moderating of Dallas County taxable sales. Also a contributing factor is that our District continually has a larger percentage of Dallas County students.

Table 3 below discloses cost of services for governmental and business-type activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by state aid and local taxes. The difference in these two columns would represent restricted grants and services. Net Cost of services is 83.9% of total cost of services in 2009.

<b>Table 3</b>						
<b>Total and Net Cost of Governmental Activities</b>						
	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 33,853,764	29,165,013	16.08%	27,466,295	24,236,783	13.32%
Support Services	13,692,553	13,714,587	-0.16%	13,412,744	13,462,184	-0.37%
Non-instruction	-	21,238	0.00%	-	21,238	0.00%
Other	2,066,925	1,824,916	13.26%	144,582	128,326	12.67%
Debt Service	3,795,080	3,290,699	15.33%	3,795,080	3,290,699	15.33%
	<u>\$ 53,408,322</u>	<u>48,016,453</u>	<u>11.23%</u>	<u>44,818,701</u>	<u>41,139,230</u>	<u>8.94%</u>

### Financial Analysis of the Government's Funds

As noted earlier, the Waukeez Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the Waukeez Community School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Waukeez Community School District's governmental funds reported combined ending balances of \$73,634,539, an increase of \$43,673,559 in comparison with the prior year. Approximately 12.3% of this total amount, or \$9,085,543, constitutes unreserved fund balance and is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for 1) inventories \$30,279; 2) Debt Service \$8,157,269; 3) Capital Projects \$51,426,443 and for 4) non-major, special revenue funds \$4,935,005.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$9,085,543 while total fund balance reached \$9,115,822. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 19.8% of total General Fund expenditures.

The fund balance of the District's General Fund increased \$2,084,575 during the current fiscal year. The key factor in this was a concentrated effort to continue a trend of upward financial stability as evidenced by an increasing fund balance and financial solvency ratio.

The District's other major funds include the Debt Service Fund and the Capital Projects Fund. The Debt Service fund balance increased \$92,576 due to accumulation of local taxes needed to make future interest payments as they come due. The Capital Projects fund balance increased by \$39,717,647 due to a \$50M bond sale in April of 2009.

## Budgetary Highlights

As allowed by GASB Statement No. 41, *Budgetary Comparison-Schedules – Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. In accordance with the Code of Iowa, the Board of Education annually adopts a program budget for all funds except agency funds as described in the note to required supplementary information.

A comparison of the actual expenditures/expenses of the District's budgeted funds with the final budget amounts is as follows:

	Budget- Original and		
	Final	Actual	Variance
Instruction	\$ 26,200,000	31,634,294	(5,434,294)
Support Services	21,355,950	14,619,822	6,736,128
Noninstructional programs	3,000,000	3,037,399	(37,399)
Other	28,270,266	26,648,291	1,621,975
	<u>\$ 78,826,216</u>	<u>75,939,806</u>	<u>2,886,410</u>

The positive variance of \$2,886,410 was a result of a concentrated and successful effort to maximize revenues and control expenses.

## Capital Assets and Debt Administration

The following table shows ending balances of capital assets invested in various categories. The District recognized a total net increase of \$10,909,502. The increase can be attributed to extensive land purchases and three major construction projects in progress at year's end.

	Table 4 Capital Assets, Net of Depreciation						
	Governmental activities		Business Type activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Land	\$ 5,510,945	4,939,976	-	-	5,510,945	4,939,976	11.6%
Construction in progress	8,425,868	5,280,004	-	-	8,425,868	5,280,004	59.6%
Buildings and improvements	92,029,180	85,353,072	-	-	92,029,180	85,353,072	7.8%
Furniture and equipment	2,279,282	1,762,721	1,802,118	1,803,298	4,081,400	3,566,019	14.5%
Total	<u>\$ 108,245,275</u>	<u>97,335,773</u>	<u>1,802,118</u>	<u>1,803,298</u>	<u>110,047,393</u>	<u>99,139,071</u>	<u>11.0%</u>

Additional information about the District's capital assets can be found in note 4 to the financial statements.

## Debt

As of June 30, 2009, the Waukee Community School District had general obligation and capital loan notes outstanding totaling \$130,500,000. In the current year, the District paid \$8,845,000 in principal and \$3,584,653 in interest.

As of June 30, 2009, the District's available debt limit was \$175,110,301 which leaves a legal debt margin of \$44,610,301 once the current year applicable general obligation and capital loan debt is applied.

Additional information about the District's long-term debt can be found in note 5 to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

The District is located in the central part of the state, approximately 15 miles west of the city of Des Moines. The District, comprised totally in Dallas County, Iowa, is one of the fastest growing counties in the nation. The District is the fastest growing school district in the State of Iowa. The September 2007 certified student enrollment increased 479.1 students over the previous year. The economic condition and outlook of the District is one of great optimism. Over the past seven years the total taxable assessed value in the District has increased \$1.46B. The taxable assessed value has increased 117% in the last five fiscal years. For the current fiscal year, taxable assessed value in the District increased \$278,183,245 or 14.8%.

Based on conservative estimates this trend is expected to continue and probably accelerate in the immediate future. The eastern portions of Dallas County are experiencing tremendous growth in both residential and commercial development. The collection of the Dallas County local option sales tax, a one cent tax on all covered retail sales began in January of 2004 and generated \$4.78 million dollars in fiscal 2009. An estimated \$4.7 million dollars is expected to be generated in 2010. The one-cent sales tax will continue through December of 2013.

This tremendous growth, while having a positive impact, also presents significant challenges for the District. The District is utilizing the optional instructional support levy to its fullest and will need to continue its high level of efficient use of human resources and facilities.

Retail sales, building permits and population increases in the western suburbs far exceed that of any other location in the metropolitan area or in the State of Iowa. Dallas County is one of the fastest growing county in the country. These increases are projected to continue if economic conditions remain favorable.

The past year saw a dramatic State of Iowa economic downturn. Revenue projections at the state level decreased drastically from the previous year. The District has faced reductions in funding for state aid and other state-funded programs in fiscal 2009 of approximately \$.5M. The District has taken a pro-active approach to fiscal stability that has served it well in these times of financial crisis. The 2009 legislature set allowable growth for the 2009-10 at 4%, however projections see reductions in state funding for the 2010 fiscal year. We are optimistic about the District's financial outlook because of prudent actions taking over the past five to six years. The District has positioned itself extremely well to withstand financial uncertainties at both the state and federal level. We are confident as the national economy begins to strengthen, state revenues will follow the same upward direction.

## **Requests for Information**

These financial statements and discussions are designed to provide our students, citizens, taxpayers, investors and creditors with a complete disclosure of the District's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Mr. R. Duane Van Gorp, Executive Director of Administrative Services, Waukee Community School District, 560 S.E. University Avenue, Waukee, Iowa, 50263.

## **Basic Financial Statements**



WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business Type Activities	Total Primary Government
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 79,937,041	1,591,796	81,528,837
Receivables:			
Property tax:			
Delinquent	415,062	-	415,062
Succeeding year	37,195,305	-	37,195,305
Accounts	48,468	-	48,468
Due from other governments	1,042,264	-	1,042,264
Inventories	30,279	66,155	96,434
Total current assets	118,668,419	1,657,951	120,326,370
Non-current assets:			
Bond discounts, unamortized	119,060	-	119,060
Capital assets:			
Land and improvements	5,510,945	-	5,510,945
Buildings and improvements	106,765,281	-	106,765,281
Vehicles, furniture and equipment	4,006,375	1,802,118	5,808,493
Construction in progress	8,425,868	-	8,425,868
Accumulated depreciation	(16,463,194)	(840,624)	(17,303,818)
Total capital assets	108,245,275	961,494	109,206,769
Total non-current assets	108,364,335	961,494	109,325,829
<b>Total assets</b>	<b>227,032,754</b>	<b>2,619,445</b>	<b>229,652,199</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	3,601,470	45,360	3,646,830
Salaries and benefits payable	4,060,827	-	4,060,827
Accrued interest payable	875,304	-	875,304
Unearned revenue:			
Succeeding year property tax	37,195,305	-	37,195,305
Other	-	43,846	43,846
Capital loan notes payable	1,430,000	-	1,430,000
Revenue bonds payable	2,570,000	-	2,570,000
General obligation bonds payable	4,310,000	-	4,310,000
Early retirement payable	108,917	-	108,917
Compensated absences	153,936	4,026	157,962
Total current liabilities	54,305,759	93,232	54,398,991
Non-current liabilities:			
Capital loan notes payable	9,765,000	-	9,765,000
Revenue bonds payable	11,355,000	-	11,355,000
General obligation bonds payable	101,070,000	-	101,070,000
Unamortized premium	475,533	-	475,533
Early retirement payable	403,566	-	403,566
Other post employment benefits payable	504,640	27,360	532,000
Total non-current liabilities	123,573,739	27,360	123,601,099
<b>Total liabilities</b>	<b>177,879,498</b>	<b>120,592</b>	<b>178,000,090</b>

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2009

	Governmental Activities	Business Type Activities	Total Primary Government
<i>Continued from previous page</i>			
<b>Net Assets</b>			
Invested in capital assets, net of related debt	29,171,718	961,494	30,133,212
Restricted for:			
Management levy	631,781	-	631,781
Physical plant and equipment levy	3,297,922	-	3,297,922
Other special revenue purposes	492,819	-	492,819
Other purposes	30,279	-	30,279
Unrestricted	15,528,737	1,537,359	17,066,096
<b>Total net assets</b>	<b>\$ 49,153,256</b>	<b>2,498,853</b>	<b>51,652,109</b>

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 25,201,165	1,181,668	3,862,322	(20,157,175)	-	(20,157,175)
Special	5,700,427	239,756	522,412	(4,938,259)	-	(4,938,259)
Other	2,952,172	560,812	20,499	(2,370,861)	-	(2,370,861)
	<u>33,853,764</u>	<u>1,982,236</u>	<u>4,405,233</u>	<u>(27,466,295)</u>	<u>-</u>	<u>(27,466,295)</u>
Support services:						
Student	1,999,476	-	-	(1,999,476)	-	(1,999,476)
Instructional staff	2,255,802	-	-	(2,255,802)	-	(2,255,802)
Administration	3,490,949	-	-	(3,490,949)	-	(3,490,949)
Operation/maintenance of plant	3,862,747	78,206	-	(3,784,541)	-	(3,784,541)
Transportation	2,083,579	67,293	134,310	(1,881,976)	-	(1,881,976)
	<u>13,692,553</u>	<u>145,499</u>	<u>134,310</u>	<u>(13,412,744)</u>	<u>-</u>	<u>(13,412,744)</u>
Other expenditures:						
Debt service - interest	3,795,080	-	-	(3,795,080)	-	(3,795,080)
AEA flowthrough	1,922,343	-	1,922,343	-	-	-
Depreciation (unallocated) *	144,582	-	-	(144,582)	-	(144,582)
	<u>5,862,005</u>	<u>-</u>	<u>1,922,343</u>	<u>(3,939,662)</u>	<u>-</u>	<u>(3,939,662)</u>
Total governmental activities	53,408,322	2,127,735	6,461,886	(44,818,701)	-	(44,818,701)
<b>Business type activities:</b>						
Support services:						
Administration	247,243	-	-	-	(247,243)	(247,243)
Operation/maintenance of plant	2,899	-	-	-	(2,899)	(2,899)
Transportation	7,266	-	-	-	(7,266)	(7,266)
	<u>257,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(257,408)</u>	<u>(257,408)</u>
Non-instructional programs:						
Food service operations	2,429,393	2,217,223	585,268	-	373,098	373,098
Daycare operations	608,006	753,598	-	-	145,592	145,592
	<u>3,037,399</u>	<u>2,970,821</u>	<u>585,268</u>	<u>-</u>	<u>518,690</u>	<u>518,690</u>
Total business type activities	3,294,807	2,970,821	585,268	-	261,282	261,282
Total primary government	<u>\$ 56,703,129</u>	<u>5,098,556</u>	<u>7,047,154</u>	<u>(44,818,701)</u>	<u>261,282</u>	<u>(44,557,419)</u>

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total Primary Government
<b><i>Totals continued from previous page</i></b>	<u>\$ 56,703,129</u>	<u>5,098,556</u>	<u>7,047,154</u>	<u>\$ (44,818,701)</u>	<u>261,282</u>	<u>(44,557,419)</u>
General Revenues:						
Property tax levied for:						
General purposes				22,605,947	-	22,605,947
Debt service				7,494,371	-	7,494,371
Capital outlay				3,606,759	-	3,606,759
Statewide sales and services tax				4,785,137	-	4,785,137
Unrestricted state grants				17,947,867	-	17,947,867
Grants and contributions not restricted to specific programs				247,880	50	247,930
Unrestricted investment earnings				570,523	12,977	583,500
Other				347,053	-	347,053
Total general revenues				<u>57,605,537</u>	<u>13,027</u>	<u>57,618,564</u>
Change in net assets				12,786,836	274,309	13,061,145
Net assets beginning of year				<u>36,366,420</u>	<u>2,224,544</u>	<u>38,590,964</u>
Net assets end of year				<u>\$ 49,153,256</u>	<u>2,498,853</u>	<u>51,652,109</u>

\* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2009

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
<b>Assets</b>					
Cash and pooled investments	\$ 13,674,392	2,157,174	58,973,085	4,956,781	79,761,432
Receivables:					
Property tax:					
Current year delinquent	242,070	109,227	-	63,765	415,062
Succeeding year	23,368,534	8,878,845	-	4,947,926	37,195,305
Accounts	23,306	-	6,575	17,918	47,799
Due from other governments	260,909	-	781,355	-	1,042,264
Inventories	30,279	-	-	-	30,279
<b>Total assets</b>	<b>\$ 37,599,490</b>	<b>11,145,246</b>	<b>59,761,015</b>	<b>9,986,390</b>	<b>118,492,141</b>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 1,054,307	317	2,443,387	103,459	3,601,470
Salaries and benefits payable	4,060,827	-	-	-	4,060,827
Deferred revenue:					
Succeeding year property tax	23,368,534	8,878,845	-	4,947,926	37,195,305
Total liabilities	28,483,668	8,879,162	2,443,387	5,051,385	44,857,602
Fund balances:					
Reserved for:					
Inventories	30,279	-	-	-	30,279
Debt service	-	2,266,084	5,891,185	-	8,157,269
Unreserved:					
General fund	9,085,543	-	-	-	9,085,543
Capital projects fund	-	-	51,426,443	-	51,426,443
Special revenue funds:					
Management fund	-	-	-	1,144,264	1,144,264
Student activity fund	-	-	-	492,819	492,819
Physical plant and equipment fund	-	-	-	3,297,922	3,297,922
Total fund balances	9,115,822	2,266,084	57,317,628	4,935,005	73,634,539
<b>Total liabilities and fund balances</b>	<b>\$ 37,599,490</b>	<b>11,145,246</b>	<b>59,761,015</b>	<b>9,986,390</b>	<b>118,492,141</b>

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
June 30, 2009

**Total fund balances of governmental funds (Exhibit C)** \$ 73,634,539

***Amounts reported for governmental activities in the statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. 108,245,275

The Internal Service Fund is used to charge the costs of the District's flexible benefits plan and self-funded dental plan to the governmental funds. The net assets of the Internal Service Fund are therefore included in governmental activities. 176,278

Long-term liabilities, including bonds and notes payable, early retirement and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Those liabilities at year-end consist of:

Capital loan notes payable	\$ (11,195,000)	
Revenue bonds payable	(13,925,000)	
General obligation bonds payable	(105,380,000)	
Bond discounts	119,060	
Bond premiums	(475,533)	
Accrued interest	(875,304)	
Early retirement	(512,483)	
Compensated absences	(153,936)	
Other post employment benefits	(504,640)	(132,902,836)
	<hr/>	<hr/>

**Net assets of governmental activities (Exhibit A)** \$ 49,153,256

See notes to financial statements.

## Exhibit E

WAUKEE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year ended June 30, 2009

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 21,606,662	7,494,371	4,785,137	4,606,044	38,492,214
Tuition	1,134,189	-	-	-	1,134,189
Other	842,711	19,104	459,316	864,791	2,185,922
State sources	23,359,239	1,210	-	765	23,361,214
Federal sources	1,021,619	-	-	-	1,021,619
Total revenues	47,964,420	7,514,685	5,244,453	5,471,600	66,195,158
Expenditures:					
Current:					
Instruction:					
Regular	22,843,840	-	-	246,802	23,090,642
Special	5,611,287	-	-	-	5,611,287
Other	2,229,796	-	-	702,569	2,932,365
	30,684,923	-	-	949,371	31,634,294
Support services:					
Student	1,969,337	-	-	11,785	1,981,122
Instructional staff	2,368,803	-	-	3,928	2,372,731
Administration	3,391,647	-	704,514	49,103	4,145,264
Operation and maintenance of plant	3,458,260	-	-	320,505	3,778,765
Transportation	2,084,532	-	-	-	2,084,532
	13,272,579	-	704,514	385,321	14,362,414
Capital outlay:					
Facilities acquisition	-	-	11,781,883	505,928	12,287,811
Debt service:					
Principal	-	8,845,000	-	-	8,845,000
Interest	-	3,584,653	-	-	3,584,653
Fiscal charges	-	8,484	-	-	8,484
AEA flowthrough	1,922,343	-	-	-	1,922,343
	1,922,343	12,438,137	11,781,883	505,928	26,648,291
Total expenditures	45,879,845	12,438,137	12,486,397	1,840,620	72,644,999

## Exhibit E

WAUKEE COMMUNITY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 Year ended June 30, 2009

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
<i>Continued from previous page</i>					
Excess (deficiency) of revenues over (under) expenditures	2,084,575	(4,923,452)	(7,241,944)	3,630,980	(6,449,841)
Other financing sources (uses):					
Interfund transfers in	-	5,016,028	1,852,219	-	6,868,247
Interfund transfers out	-	-	(5,016,028)	(1,852,219)	(6,868,247)
General obligation bonds issued	-	-	50,000,000	-	50,000,000
Premium on sale of bonds	-	-	123,400	-	123,400
Total other financing sources (uses)	-	5,016,028	46,959,591	(1,852,219)	50,123,400
Net change in fund balances	2,084,575	92,576	39,717,647	1,778,761	43,673,559
Fund balances beginning of year	7,031,247	2,173,508	17,599,981	3,156,244	29,960,980
Fund balances end of year	\$ 9,115,822	2,266,084	57,317,628	4,935,005	73,634,539

See notes to financial statements.



WAUKEE COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year ended June 30, 2009

**Net change in fund balances - total governmental funds (Exhibit E)** \$ 43,673,559

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Expenditures for capital assets	\$ 13,264,257	
Depreciation expense	<u>(2,354,755)</u>	10,909,502

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Assets. Repayment of long-term debt liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Also, governmental funds report the effect of issuance costs and premiums, whereas these amounts are deferred in and amortized in the Statement of Activities. Current year items are as follows:

Proceeds from issuing general obligation bonds	(50,000,000)	
Premiums on general obligation issuance	(123,400)	
Repayments of bond and note principal	8,845,000	
Amortization of premiums and discounts	<u>44,986</u>	(41,233,414)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (201,943)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement	114,788	
Compensated absences	(9,120)	
Other post employment benefits	<u>(504,640)</u>	(398,972)

The change in net assets of the Internal Service Funds represent an undercharge to the governmental funds served and, therefore, increases expenses in the Statement of Activities. 38,104

**Change in net assets of governmental activities (Exhibit B)** \$ 12,786,836

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,591,796	175,609
Receivables:		
Accounts	-	669
Inventories	66,155	-
Total current assets	1,657,951	176,278
Non-current assets:		
Capital assets:		
Equipment	1,802,118	-
Accumulated depreciation	(840,624)	-
Total noncurrent assets	961,494	-
<b>Total assets</b>	2,619,445	176,278
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	45,360	-
Unearned revenue	43,846	-
Compensated absences	4,026	-
Total current liabilities	93,232	-
Noncurrent liabilities:		
Other post employment benefits	27,360	-
<b>Total liabilities</b>	120,592	-
<b>Net Assets</b>		
Invested in capital assets	961,494	-
Unrestricted	1,537,359	176,278
<b>Total net assets</b>	\$ 2,498,853	176,278

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
Year ended June 30, 2009

	Business Type Activities Non-major Enterprise Funds	Governmental Activities Internal Service Fund
Operating revenue:		
Local sources:		
Charges for services	\$ 2,970,821	586,068
Operating expenses:		
Support services:		
Administration services	247,243	-
Operation and maintenance of plant services	2,899	-
Transportation services	7,266	-
	<u>257,408</u>	<u>-</u>
Non-instructional programs:		
Food service operations:		
Depreciation	144,872	-
Other	2,284,521	-
	<u>2,429,393</u>	<u>-</u>
Other enterprise operations:		
Depreciation	1,515	-
Other	606,491	547,964
	<u>608,006</u>	<u>547,964</u>
	<u>3,037,399</u>	<u>547,964</u>
Total operating expenses	<u>3,294,807</u>	<u>547,964</u>
Operating income (loss)	<u>(323,986)</u>	<u>38,104</u>
Non-operating revenues:		
Interest on investments	12,977	-
Contributions	50	-
State sources	24,382	-
Federal sources	560,886	-
Total non-operating revenues	<u>598,295</u>	<u>-</u>
Change in net assets	274,309	38,104
Net assets beginning of year	<u>2,224,544</u>	<u>138,174</u>
Net assets end of year	<u>\$ 2,498,853</u>	<u>176,278</u>

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year ended June 30, 2009

	Business Type Activities	Governmental Activities
	Non-major Enterprise Funds	Internal Service Fund
Cash flows from operating activities:		
Cash received from sale of lunches and breakfasts	\$ 2,224,442	-
Cash received from miscellaneous operating activities	761,418	610,590
Cash payments to employees for services	(1,704,340)	(547,964)
Cash payments to suppliers for goods or services	(1,286,986)	-
Net cash provided (used) by operating activities	(5,466)	62,626
Cash flows from non-capital financing activities:		
Contributions - noncapital	50	-
State grants received	24,382	-
Federal grants received	432,554	-
Net cash provided by non-capital financing activities	456,986	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(34,464)	-
Net cash used by capital and related financing activities	(34,464)	-
Cash flows from investing activities:		
Interest on investments	12,977	-
Net increase in cash and cash equivalents	430,033	62,626
Cash and cash equivalents at beginning of year	1,161,763	112,983
Cash and cash equivalents at end of year	\$ 1,591,796	175,609
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ (323,986)	38,104
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Commodities used	128,332	-
Depreciation	146,387	-
Decrease (Increase) in accounts receivable	9,243	-
(Increase) in inventories	(19,500)	-
Increase (decrease) in accounts payable	31,147	24,522
(Decrease) in salaries and benefits payable	(14,271)	-
(Decrease) in compensated absences payable	4,026	-
(Decrease) in other post employment benefits payable	27,360	-
Increase in unearned revenue	5,796	-
Net cash provided (used) by operating activities	\$ (5,466)	62,626
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>		
Current assets:		
Cash and investments	\$ 1,591,796	175,609
Cash and cash equivalents at year end	\$ 1,591,796	175,609

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received federal commodities valued at \$128,332.

See notes to financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2009

	Private Purpose Trust
	Scholarship
<b>Assets</b>	
Cash and pooled investments	\$ 232,461
<b>Total assets</b>	<u>232,461</u>
<b>Liabilities</b>	
Accounts payable	-
Other payables	-
<b>Total liabilities</b>	<u>-</u>
<b>Net assets</b>	
Assets held in trust for scholarships	<u><u>\$ 232,461</u></u>

See notes to financial statements.

Exhibit K

WAUKEE COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
Year Ended June 30, 2009

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Interest	\$ 9,857
Total revenues	<u>9,857</u>
Deductions:	
Instruction:	
Other	7,000
Total expenditures	<u>7,000</u>
Change in net assets	2,857
Net assets beginning of year	<u>229,604</u>
Net assets end of year	<u><u>\$ 232,461</u></u>

See notes to financial statements.

# WAUKEE COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS Year Ended June 30, 2009

### (1) Summary of Significant Accounting Policies

The Waukee Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the city of Waukee, Iowa; portions of the cities of West Des Moines, Clive and Urbandale, and the agricultural territory in Dallas County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Waukee Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. Waukee Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Dallas County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*  
B. Basis of Presentation (continued from previous page)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

**Governmental Fund Types:** Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.



WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*

B. *Basis of Presentation (continued from previous page)*

*Special Revenue Funds (continued from previous page)*

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

**Proprietary Fund Types:** Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

*Enterprise Funds:* Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise funds of the District are considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

Daycare Fund: This fund accounts for transactions for before and after school child care and summer child care programs authorized by Iowa Code 298A.12 and 279.49.

The following enterprise funds of the District are considered major:

Internal Service Funds: This includes the Flexible Benefits Fund and the Self-Funded Dental Plan Fund which are used to account for the flexible benefits program and the dental insurance plan offered by the District.

**Fiduciary Fund Types:** Fiduciary funds account for assets held by the District in a trustee or agency capacity for the benefit of others and cannot be used to support District activities. The District has the following fiduciary fund type:

*Private Purpose Trust Fund:* This fund accounts for assets held by the District under trust agreements with restrictions of income earned to be used to benefit individuals through scholarship awards.

*Agency Fund:* This fund accounts for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

All proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investments in the Iowa Schools Joint Investment Trust and IPAS Education, which are valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2008.

Interfund Receivables and Payables – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. At June 30, 2009 there were no interfund receivable or payable amounts to report.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*  
Capital Assets (continued from previous page)

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,500
Buildings	2,500
Improvements other than buildings	2,500
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	2,500

Capital assets (with the exception of land and construction in progress, which are not depreciated) are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20 years
Furniture and equipment	5-20 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable.

Unearned revenue on the Statement of Net Assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied and other unearned proceeds.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(1) *Summary of Significant Accounting Policies (continued from previous page)*

D. Assets, Liabilities and Fund Equity (continued from previous page)

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

As allowed by GASB Statement No. 41, *Budgetary Comparison Schedules - Perspective Differences*, the District presents budgetary comparison schedules as required supplementary information based on the program structure of four functional areas as required by state statute for its legally adopted budget. During the year ended June 30, 2009, expenditures in the instruction and non-instruction functional areas exceeded the amount budgeted.

(2) **Cash and Pooled Investments**

As of June 30, 2009, the carrying amount of the District's bank deposits and pooled investments totaled \$81,528,837 with actual bank balances of \$3,002,123 and investment balances of \$78,526,714. Of the bank balances, \$267,544 was covered by federal depository insurance and \$2,734,579 was collateralized by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the following:

Type	Amortized Cost/Fair Value
Iowa Schools Joint Investment Trust -	
Diversified Portfolio	\$ 1,531,813
IPASeducation	53,154,554
Money Market Mutual Fund	3,629,772
Negotiable Certificates of Deposit	204,000
	<u>\$ 58,520,139</u>

The investments in the Iowa Schools Joint Investment Trust and IPASeducation are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940. The negotiable certificates of deposit and money market mutual fund are stated at fair value.

Credit risk. The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service. The fair value of the District's position in these programs is the same as the value of the program shares. The investments in IPASeducation and the money market mutual fund are unrated.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

**(3) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

Transfer to	Transfer from	Amount
Debt Service Fund	Capital Projects Fund	\$ 5,016,028
	Special Revenue:	
Capital Projects Fund	Physical Plant and Equipment Levy	1,852,219
		<u>\$ 6,868,247</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(4) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,939,976	570,969	-	5,510,945
Construction in progress	5,280,004	11,267,720	8,121,856	8,425,868
Total capital assets not being depreciated	10,219,980	11,838,689	8,121,856	13,936,813
Capital assets being depreciated:				
Buildings	94,492,350	8,121,856	-	102,614,206
Improvements other than buildings	3,656,562	494,513	-	4,151,075
Furniture and equipment	3,075,320	931,055	-	4,006,375
Total capital assets being depreciated	101,224,232	9,547,424	-	110,771,656
Less accumulated depreciation for:				
Buildings	11,261,075	1,762,188	-	13,023,263
Improvements other than buildings	1,534,765	178,073	-	1,712,838
Furniture and equipment	1,312,599	414,494	-	1,727,093
Total accumulated depreciation	14,108,439	2,354,755	-	16,463,194
Total capital assets being depreciated, net	87,115,793	7,192,669	-	94,308,462
Governmental activities capital assets, net	\$ 97,335,773	19,031,358	8,121,856	108,245,275
<b>Business type activities:</b>				
Furniture and equipment	\$ 1,803,298	34,464	35,644	1,802,118
Less accumulated depreciation	729,881	146,387	35,644	840,624
Business-type activities capital assets, net	\$ 1,073,417	(111,923)	-	961,494

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 2,083,958
Special ed	1,177
Other	1,177

Support services:

Student services	236
Instructional staff services	21,664
Administration	58,869
Operation and maintenance of plant	42,386
Transportation	706
	2,210,173

Unallocated

Total depreciation expense - governmental activities	\$ 2,354,755
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Business type activities:

Food services	\$ 144,872
Community Daycare	1,515
	\$ 146,387

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2009 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Capital loan notes	\$ 12,575,000	-	1,380,000	11,195,000	1,430,000
Revenue bonds	16,400,000	-	2,475,000	13,925,000	2,570,000
General obligation bonds	60,370,000	50,000,000	4,990,000	105,380,000	4,310,000
Early retirement	627,271	-	114,788	512,483	108,917
Other post employment benefits payable	-	532,000	-	532,000	-
Compensated absences	144,816	13,146	-	157,962	157,962
	<u>\$ 90,117,087</u>	<u>50,545,146</u>	<u>8,959,788</u>	<u>131,702,445</u>	<u>8,576,879</u>

Capital Loan Notes Payable

Details of the District's June 30, 2009 capital loan note indebtedness are as follows:

Capital Loan Note of February 1, 2006				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.50%	\$ 1,430,000	423,519	1,853,519
2011	3.50%	1,480,000	373,469	1,853,469
2012	3.625%	1,535,000	321,669	1,856,669
2013	3.750%	1,590,000	266,025	1,856,025
2014	4.000%	1,655,000	206,400	1,861,400
2015	4.000%	1,720,000	140,200	1,860,200
2016	4.000%	1,785,000	71,400	1,856,400
Total		<u>\$ 11,195,000</u>	<u>1,802,682</u>	<u>12,997,682</u>

Revenue Bonds

Details of the District's June 30, 2009 School Infrastructure Local Option Sales and Services Tax Revenue Bond indebtedness is as follows:

LOSST Revenue Bond of January 1, 2007				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.25%	\$ 2,570,000	591,812	3,161,812
2011	4.25%	2,675,000	482,588	3,157,588
2012	4.250%	2,780,000	368,900	3,148,900
2013	4.250%	2,890,000	250,750	3,140,750
2014	4.250%	3,010,000	127,926	3,137,926
Total		<u>\$ 13,925,000</u>	<u>1,821,976</u>	<u>15,746,976</u>

The local option (statewide) sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option (statewide) sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.



WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*

The resolution providing for the issuance of the local option sales and services tax revenue bonds includes the following provisions:

- a) \$1,890,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the local option sales and services tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all of the revenue bond provisions during the year ended June 30, 2009.

General Obligation Bonds

Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

March 1, 2001 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.40%	\$ 130,000	116,505	246,505
2011	4.50%	135,000	110,785	245,785
2012	4.60%	140,000	104,710	244,710
2013	4.70%	145,000	98,270	243,270
2014	4.80%	150,000	91,455	241,455
2015	4.85%	155,000	84,255	239,255
2016	4.90%	160,000	76,738	236,738
2017	4.95%	205,000	68,898	273,898
2018	5.00%	215,000	58,750	273,750
2019	5.00%	415,000	48,000	463,000
2020	5.00%	545,000	27,250	572,250
Subtotal		2,395,000	885,616	3,280,616

April 1, 2002 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.000%	\$ 200,000	254,621	454,621
2011	4.050%	210,000	246,621	456,621
2012	4.150%	220,000	238,116	458,116
2013	4.250%	230,000	228,986	458,986
2014	4.300%	240,000	219,211	459,211
2015	4.400%	250,000	208,892	458,892
2016	4.500%	260,000	197,891	457,891
2017	4.600%	435,000	186,191	621,191
2018	4.625%	515,000	166,181	681,181
2019	4.700%	750,000	142,363	892,363
2020	4.750%	1,050,000	107,113	1,157,113
2021	4.750%	1,205,000	57,238	1,262,238
Subtotal		5,565,000	2,253,424	7,818,424

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*  
*General Obligation Bonds (continued from previous page)*

November 15, 2002 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.250%	\$ 640,000	116,975	756,975
2011	3.300%	640,000	96,175	736,175
2012	3.400%	680,000	75,055	755,055
2013	3.600%	100,000	51,935	151,935
2014	3.800%	105,000	48,335	153,335
2015	4.000%	110,000	44,345	154,345
2016	4.000%	115,000	39,945	154,945
2017	4.100%	120,000	35,345	155,345
2018	4.200%	125,000	30,425	155,425
2019	4.300%	130,000	25,175	155,175
2020	4.400%	140,000	19,585	159,585
2021	4.500%	145,000	13,425	158,425
2022	4.600%	150,000	6,900	156,900
Subtotal		3,200,000	603,620	3,803,620

June 1, 2003 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.000%	\$ 110,000	319,058	429,058
2011	3.000%	110,000	315,758	425,758
2012	3.100%	120,000	312,458	432,458
2013	3.250%	100,000	308,738	408,738
2014	3.350%	100,000	305,488	405,488
2015	3.450%	100,000	302,138	402,138
2016	3.550%	105,000	298,688	403,688
2017	3.650%	105,000	294,960	399,960
2018	3.750%	110,000	291,128	401,128
2019	3.850%	205,000	287,003	492,003
2020	3.900%	1,200,000	279,110	1,479,110
2021	4.000%	1,730,000	232,310	1,962,310
2022	4.000%	1,915,000	163,110	2,078,110
2023	4.100%	2,110,000	86,510	2,196,510
Subtotal		8,120,000	3,796,457	11,916,457

June 1, 2004 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.500%	\$ 115,000	378,775	493,775
2011	3.500%	110,000	374,750	484,750
2012	4.000%	105,000	370,900	475,900
2013	4.000%	100,000	366,700	466,700
2014	4.000%	105,000	362,700	467,700
2015	3.800%	110,000	358,500	468,500
2016	3.900%	115,000	354,320	469,320
2017	4.000%	110,000	349,835	459,835
2018	4.100%	115,000	345,435	460,435
2019	4.150%	120,000	340,720	460,720
2020	4.300%	315,000	335,740	650,740
2021	4.400%	315,000	322,195	637,195
2022	4.400%	1,480,000	308,335	1,788,335
2023	4.400%	1,585,000	243,215	1,828,215
2024	4.500%	3,855,000	173,475	4,028,475
Subtotal		8,655,000	4,985,595	13,640,595

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*  
*General Obligation Bonds (continued from previous page)*

February 1, 2005 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.000%	\$ 225,000	173,100	398,100
2011	3.250%	225,000	164,100	389,100
2012	3.150%	300,000	156,788	456,788
2013	3.300%	300,000	147,337	447,337
2014	3.400%	300,000	137,438	437,438
2015	3.500%	300,000	127,237	427,237
2016	3.600%	300,000	116,738	416,738
2017	3.700%	325,000	105,937	430,937
2018	3.800%	325,000	93,913	418,913
2019	3.900%	325,000	81,562	406,562
2020	3.950%	325,000	68,888	393,888
2021	4.000%	325,000	56,050	381,050
2022	4.050%	350,000	43,050	393,050
2023	4.100%	350,000	28,875	378,875
2024	4.150%	350,000	14,525	364,525
Subtotal		4,625,000	1,515,538	6,140,538

March 1, 2005 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.450%	\$ 520,000	157,492	677,492
2011	3.450%	575,000	139,553	714,553
2012	3.450%	570,000	119,715	689,715
2013	3.450%	680,000	100,050	780,050
2014	3.450%	705,000	76,590	781,590
2015	3.450%	745,000	52,267	797,267
2016	3.450%	770,000	26,565	796,565
Subtotal		4,565,000	672,232	5,237,232

July 1, 2006 Refunding Bond Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.00%	\$ 140,000	172,625	312,625
2011	4.25%	150,000	167,025	317,025
2012	4.25%	125,000	160,650	285,650
2013	4.25%	305,000	155,338	460,338
2014	4.25%	320,000	142,375	462,375
2015	4.25%	200,000	128,775	328,775
2016	4.25%	230,000	120,275	350,275
2017	4.25%	855,000	110,500	965,500
2018	4.25%	855,000	74,162	929,162
2019	4.25%	890,000	37,825	927,825
Subtotal		4,070,000	1,269,550	5,339,550

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*  
*General Obligation Bonds (continued from previous page)*

April 1, 2008 Refunding Bond Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.250%	\$ 330,000	244,562	574,562
2011	3.250%	325,000	233,838	558,838
2012	3.250%	370,000	223,275	593,275
2013	3.500%	750,000	211,250	961,250
2014	3.500%	785,000	185,000	970,000
2015	3.500%	930,000	157,525	1,087,525
2016	3.750%	945,000	124,975	1,069,975
2017	3.500%	965,000	89,538	1,054,538
2018	3.625%	970,000	55,762	1,025,762
2019	4.000%	515,000	20,600	535,600
Subtotal		6,885,000	1,546,325	8,431,325

April 1, 2008 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	4.500%	\$ 250,000	328,500	578,500
2011	4.500%	265,000	317,250	582,250
2012	4.500%	275,000	305,326	580,326
2013	4.500%	285,000	292,950	577,950
2014	4.500%	300,000	280,126	580,126
2015	4.500%	315,000	266,626	581,626
2016	4.500%	325,000	252,450	577,450
2017	4.500%	340,000	237,826	577,826
2018	4.500%	355,000	222,526	577,526
2019	4.500%	375,000	206,550	581,550
2020	4.500%	390,000	189,676	579,676
2021	4.500%	410,000	172,126	582,126
2022	4.500%	425,000	153,676	578,676
2023	4.500%	445,000	134,550	579,550
2024	4.500%	465,000	114,526	579,526
2025	4.500%	485,000	93,600	578,600
2026	4.500%	510,000	71,776	581,776
2027	4.500%	530,000	48,826	578,826
2028	4.500%	555,000	24,976	579,976
Subtotal		\$ 7,300,000	3,713,862	11,013,862

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*  
*General Obligation Bonds (continued from previous page)*

May 1, 2009 Issue				
Year ended June 30,	Rates	Principal	Interest	Total
2010	3.000%	\$ 1,650,000	2,340,088	3,990,088
2011	3.000%	1,850,000	2,110,581	3,960,581
2012	3.000%	1,150,000	2,055,081	3,205,081
2013	3.000%	1,200,000	2,020,581	3,220,581
2014	4.000%	1,285,000	1,984,581	3,269,581
2015	3.500%	1,335,000	1,933,181	3,268,181
2016	3.500%	1,385,000	1,886,456	3,271,456
2017	4.000%	1,445,000	1,837,981	3,282,981
2018	4.000%	1,500,000	1,780,181	3,280,181
2019	4.000%	1,560,000	1,720,181	3,280,181
2020	4.000%	1,560,000	1,657,781	3,217,781
2021	4.000%	1,625,000	1,595,381	3,220,381
2022	4.000%	1,690,000	1,530,381	3,220,381
2023	4.125%	1,765,000	1,462,781	3,227,781
2024	4.375%	1,840,000	1,389,975	3,229,975
2025	4.625%	6,320,000	1,309,475	7,629,475
2026	4.625%	6,620,000	1,017,175	7,637,175
2027	5.000%	6,940,000	711,000	7,651,000
2028	5.000%	7,280,000	364,000	7,644,000
Subtotal		\$ 50,000,000	30,706,841	80,706,841

  

Totals			
Year ended June 30,	Principal	Interest	Total
2010	\$ 4,310,000	4,602,301	8,912,301
2011	4,595,000	4,276,436	8,871,436
2012	4,055,000	4,122,074	8,177,074
2013	4,195,000	3,982,135	8,177,135
2014	4,395,000	3,833,299	8,228,299
2015	4,550,000	3,663,741	8,213,741
2016	4,710,000	3,495,041	8,205,041
2017	4,905,000	3,317,011	8,222,011
2018	5,085,000	3,118,463	8,203,463
2019	5,285,000	2,909,979	8,194,979
2020	5,525,000	2,685,143	8,210,143
2021	5,755,000	2,448,725	8,203,725
2022	6,010,000	2,205,452	8,215,452
2023	6,255,000	1,955,931	8,210,931
2024	6,510,000	1,692,501	8,202,501
2025	6,805,000	1,403,075	8,208,075
2026	7,130,000	1,088,951	8,218,951
2027	7,470,000	759,826	8,229,826
2028	7,835,000	388,976	8,223,976
Total	\$ 105,380,000	51,949,060	157,329,060

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(5) *Long-Term Liabilities (continued from previous page)*

Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least age fifty-five but less than sixty-one years old and employees must have completed 15 years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement incentive for each eligible employee is equal to 30% of the average of the employee's highest three years of salary. In addition, the District will pay an amount equal to the medical insurance single premium of the first year of retirement towards the cost of medical insurance until the employee reaches the age of sixty-five. The early retirement cash benefits will be paid in July following the start of retirement. Early retirement benefits are paid by the Special Revenue, Management Levy Fund.

At June 30, 2009, the District has obligations to 30 participants with a total liability of \$512,483. Actual early retirement expenditures for the year ended June 30, 2009 totaled \$114,788. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

(6) **Operating Lease**

The District is obligated under an equipment lease for one truck. This lease is accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations and therefore are not included as capital assets or long-term liabilities in the District-wide financial statements. The agreement provides for monthly lease payments of \$473 for the truck.

The total annual lease payments under the lease agreement are as follows:

Year ending June 30,	Truck Lease
2010	\$ 5,672
2011	5,672
2012	5,672
2013	473
	<u>\$ 17,489</u>

The total payments under the lease agreement for the year ended June 30, 2009 were \$5,203.

(7) **Other Post-Employment Benefits (OPEB)**

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other Than Pensions* during the year ended June 30, 2009.

Plan Description - The District operates a retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 700 active and 30 retired members in the plan. Participants must be age 55 or older at retirement and must have been employed full time by the District for a minimum of 15 consecutive years prior to the retirement year.

The medical/prescription drug coverage provides eligible retirees with health care coverage through one of two medical plans offered through Wellmark: Blue Access HMO and Alliance Select PPO. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(7) *Other Post-Employment Benefits (OPEB) – (continued from previous page)*

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 628,000
Contributions made	(96,000)
Increase in net OPEB obligation	532,000
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	\$ 532,000

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2009, the District contributed \$96,000. Retiree and active members receiving benefits contributed \$550,192 through their required contribution based on which plan the employee belongs to and whether single or family coverage is elected.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$628,000	15.3%	\$532,000

Funded Status and Funding Progress - As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$4.313 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.313 million. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$33,169,000, and the ratio of the UAAL to covered payroll was 13.0%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

(7) *Other Post-Employment Benefits (OPEB) – (continued from previous page)*

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumption includes a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The District pays an amount equal to the *single* premium for medical insurance that is current during the first year of retirement. For retirees who retired after June 30, 2006, increases in the single premium in future years are the responsibility of the retiree. The District pays the increases in the premium for pre-June 30, 2006 retirees. The subsidy is available for each year until the retiree becomes eligible for Medicare. Below are the explicit subsidies paid by the District.

Date Retired	HMO	PPO
Through 6/30/06	100% of current premium	100% of current premium
7/1/06 thru 6/30/07	\$ 265.05	\$ 331.94
7/1/07 thru 6/30/08	\$ 261.96	\$ 339.45

Per capita health claim costs are developed by age adjusting the premiums shown above.  
The age 60 per capita health claim costs for retirees and spouses are as follows:

Per Capita Cost	HMO	PPO
Premium	\$ 6,810.95	\$ 8,825.69

The assumed per capita health claim costs are adjusted to reflect expected increases related to age.  
The increase in per capita health claim costs related to age are assumed to be the following:

Age	Increase	Age	Increase
42-46	3.19%	65-69	3.00%
47-51	3.89%	70-74	2.50%
52-56	3.58%	75-79	2.00%
57-61	4.52%	80-84	1.00%
62-64	5.06%	85-89	0.05%

The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.



WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

**(8) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$1,888,530, \$1,542,080, and \$1,233,735, respectively, equal to the required contributions for each year.

**(9) Risk Management**

Waukee Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. During the year ended June 30, 2009, there were no significant reductions in coverage. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Partial Self-Funded Dental Insurance Plan

The District began a partial self-funded dental insurance plan during the year ended June 30, 2005. The plan is administered through a service agreement with Seabury and Smith. The District assumes liability for a maximum of the first \$1,000 of dental claims for each employee who participates in the plan. Employees participating in the plan are charged a premium each year to cover any estimated costs of the plan. The District reports the plan in the Internal Service, Self-Funded Dental Plan Fund. There was no claims liability at June 30, 2009.

A reconciliation of changes in the aggregate liabilities for claims for the year ended June 30, 2009 is as follows:

Unpaid claims at July 1, 2008	\$	-
Incurred claims		184,370
Payment		184,370
Unpaid claims at June 30, 2009	\$	-

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$1,922,343 for the year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the financial statements.

WAUKEE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
Year Ended June 30, 2009

**(11) Construction Commitments**

The District entered into contracts totaling \$45,430,088 for the construction of new buildings and improvements. As of June 30, 2009, costs of \$8,425,868 had been incurred against the contracts. The balance of \$37,004,220 remaining at June 30, 2009 will be paid as work on the projects progresses.

Project	Contract Amount	Costs through June 30, 2009
Stadium Phase II	\$ 2,741,900	2,403,747
Prarieview	3,156,188	2,632,421
South Middle School	18,829,000	1,537,445
Shuler Elementary	10,253,000	1,082,981
Waukee Elementary	10,450,000	769,274
	<u>\$ 45,430,088</u>	<u>8,425,868</u>

**(12) Disaggregation of Receivables and Payables**

Receivables and payables are disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the next year.

**(13) Subsequent Event**

On October 8, 2009, Governor Chet Culver announced a 10 percent across-the-board cut to state general fund appropriations effective immediately. The cut is a reduction of approximately \$238.5 million to Iowa schools and approximately \$800,000 to the Iowa Department of Education. What this will mean to Iowa school districts is still unfolding.

### **Required Supplementary Information**

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
Year ended June 30, 2009

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2008	\$ -	4,313,000	4,313,000	0.0%	33,169,000	13.0%

See Note 7 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

WAUKEE COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN BALANCES - BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
Year ended June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 41,812,325	2,983,848	44,796,173	44,889,373	(93,200)
Intermediate sources	-	-	-	140,000	(140,000)
State sources	23,361,214	24,382	23,385,596	23,306,998	78,598
Federal sources	1,021,619	560,886	1,582,505	410,000	1,172,505
Total revenues	66,195,158	3,569,116	69,764,274	68,746,371	1,017,903
Expenditures:					
Instruction	31,634,294	-	31,634,294	26,200,000	(5,434,294)
Support services	14,362,414	257,408	14,619,822	21,355,950	6,736,128
Noninstructional programs	-	3,037,399	3,037,399	3,000,000	(37,399)
Other expenditures	26,648,291	-	26,648,291	28,270,266	1,621,975
Total expenditures	72,644,999	3,294,807	75,939,806	78,826,216	2,886,410
Excess (deficiency) of revenues over (under) expenditures	(6,449,841)	274,309	(6,175,532)	(10,079,845)	3,904,313
Other financing sources, net	50,123,400	-	50,123,400	50,000,000	123,400
Excess of revenues and other financing sources over expenditures	43,673,559	274,309	43,947,868	39,920,155	4,027,713
Balances beginning of year	29,960,980	2,224,544	32,185,524	19,417,270	12,768,254
Balances end of year	\$ 73,634,539	2,498,853	76,133,392	59,337,425	16,795,967

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
Year ended June 30, 2009

**(1) Basis of Presentation**

The District operates within the budget requirements for school districts as specified by state law and as prescribed by the Iowa Department of Management. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

For the fiscal year beginning July 1, a proposed budget is adopted by the Board and filed with the County Auditor no later than April 15. The budget is certified by the County Auditor to the Department of Management.

Once adopted, the budget can be amended by the Board. The amendment must be published and a public hearing conducted prior to the amendment. Any amendments must be certified to the County Auditor no later than May 31. The proposed expenditure budget is advertised in the local newspaper, together with a notice of public hearing.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is the functional area for a budgeted governmental, enterprise and private purpose trust funds in total, rather than by individual fund type. Formal and legal budgetary control is based on four major classes of expenditures known as functional areas. These four functional areas are instruction, support services, non-instructional programs and other expenditures. During the year ended June 30, 2009, the District over-expended the instruction functional area by \$5,434,294 and the non-instructional functional area by \$37,399. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. Authorized expenditures cannot exceed the lesser of the certified budget plus any allowable amendments, or the authorized budget, which is the sum of the District's cost for that year plus the actual miscellaneous income received for that year plus the actual unspent balance from the preceding year. Appropriations, as adopted and amended, lapse at the end of the fiscal year.

The District is required by the Code of Iowa to budget for its share of media, education services and special education support provided through the local area education agency. The District's actual amount for this purpose totaled \$1,922,343 for the year ended June 30, 2009.

## **Other Supplementary Information**

WAUKEE COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2009

	Special Revenue			
	Management	Student Activity	Physical Plant and Equipment Levy	Total
<b>Assets</b>				
Current Assets:				
Cash and pooled investments	\$ 1,141,597	528,141	3,287,043	4,956,781
Receivables:				
Property tax:				
Current year delinquent	11,197	-	52,568	63,765
Succeeding year	999,997	-	3,947,929	4,947,926
Accounts	275	17,643	-	17,918
<b>Total assets</b>	<b>\$ 2,153,066</b>	<b>545,784</b>	<b>7,287,540</b>	<b>9,986,390</b>
<b>Liabilities and Fund Balances</b>				
Current Liabilities:				
Accounts payable	\$ 8,805	52,965	41,689	103,459
Deferred revenue:				
Succeeding year property tax	999,997	-	3,947,929	4,947,926
Total liabilities	1,008,802	52,965	3,989,618	5,051,385
Fund balances:				
Unreserved, undesignated	1,144,264	492,819	3,297,922	4,935,005
<b>Total liabilities and fund balances</b>	<b>\$ 2,153,066</b>	<b>545,784</b>	<b>7,287,540</b>	<b>9,986,390</b>

See accompanying independent auditor's report.



## Schedule 2

WAUKEE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year ended June 30, 2009

	Special Revenue			
	Management	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax:				
Property tax	\$ 991,736	-	3,584,212	4,575,948
Excise taxes	6,597	-	19,752	26,349
Other taxes	952	-	2,795	3,747
	999,285	-	3,606,759	4,606,044
Other local sources:				
Interest on investments	873	3,463	15,233	19,569
Student activities	-	542,237	-	542,237
Donations	-	43,109	-	43,109
Other local revenue	76,420	183,456	-	259,876
	77,293	772,265	15,233	864,791
	1,076,578	772,265	3,621,992	5,470,835
State sources:				
Revenue in lieu of taxes :				
Military credit	183	-	582	765
Total revenues	1,076,761	772,265	3,622,574	5,471,600
Expenditures:				
Current:				
Instruction:				
Regular instruction:				
Benefits	246,802	-	-	246,802
	246,802	-	-	246,802
Co-curricular instruction:				
Purchased services	-	6,409	-	6,409
Supplies	-	610,717	-	610,717
Property	-	22,380	-	22,380
Other	-	63,063	-	63,063
	-	702,569	-	702,569
Total instruction	246,802	702,569	-	949,371

WAUKEE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year ended June 30, 2009

***Continued from previous page***

Expenditures:

Current:

Support Services:

Student support:

Benefits

	Special Revenue			Total
	Management	Student Activity	Physical Plant and Equipment Levy	
	11,785	-	-	11,785

Instructional staff support:

Purchased services

	3,928	-	-	3,928
	3,928	-	-	3,928

General administration:

Benefits

	7,856	-	-	7,856
	7,856	-	-	7,856

Building administration:

Benefits

	31,426	-	-	31,426
	31,426	-	-	31,426

Business administration:

Benefits

	9,821	-	-	9,821
	9,821	-	-	9,821

Plant operation and maintenance:

Benefits

	70,563	-	-	70,563
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Purchased services

	249,942	-	-	249,942
	320,505	-	-	320,505

Total support services

	385,321	-	-	385,321
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## Schedule 2

WAUKEE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year ended June 30, 2009

	Special Revenue			Total
	Management	Student Activity	Physical Plant and Equipment Levy	
<b><i>Continued from previous page</i></b>				
Expenditures:				
Capital outlay:				
Other expenditures:				
Facilities acquisition:				
Purchased services	-	-	184,329	184,329
Property	-	-	321,599	321,599
	-	-	505,928	505,928
Total expenditures	632,123	702,569	505,928	1,840,620
Excess of revenues over expenditures	444,638	69,696	3,116,646	3,630,980
Other financing uses:				
Operating transfers out	-	-	(1,852,219)	(1,852,219)
Total other financing uses	-	-	(1,852,219)	(1,852,219)
Excess of revenues over expenditures and other financing uses	444,638	69,696	1,264,427	1,778,761
Fund balances beginning of year	699,626	423,123	2,033,495	3,156,244
Fund balances end of year	\$ 1,144,264	492,819	3,297,922	4,935,005

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
COMBINING SCHEDULE OF NET ASSETS  
PROPRIETARY FUNDS  
June 30, 2009

	Business Type Activities			Governmental Activities		
	Nonmajor Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Daycare	Total	Flexible Benefits	Self-funded Dental Plan	Total
<b>Assets</b>						
Current assets:						
Cash and pooled investments	\$ 1,089,536	502,260	1,591,796	84,448	91,161	175,609
Receivables:						
Accounts	-	-	-	-	669	669
Inventories	66,155	-	66,155	-	-	-
Total current assets	1,155,691	502,260	1,657,951	84,448	91,830	176,278
Noncurrent assets:						
Capital assets:						
Equipment	1,783,260	18,858	1,802,118	-	-	-
Accumulated depreciation	(835,700)	(4,924)	(840,624)	-	-	-
Total noncurrent assets	947,560	13,934	961,494	-	-	-
<b>Total assets</b>	2,103,251	516,194	2,619,445	84,448	91,830	176,278
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	34,820	10,540	45,360	-	-	-
Unearned revenue	43,846	-	43,846	-	-	-
Compensated absences	2,082	1,944	4,026	-	-	-
Total current liabilities	80,748	12,484	93,232	-	-	-
Non-current liabilities:						
Other post employment benefits payable	18,240	9,120	27,360	-	-	-
<b>Total liabilities</b>	98,988	21,604	120,592	-	-	-
<b>Net Assets</b>						
Invested in capital assets	947,560	13,934	961,494	-	-	-
Unrestricted	1,056,703	480,656	1,537,359	84,448	91,830	176,278
<b>Total net assets</b>	\$ 2,004,263	494,590	2,498,853	84,448	91,830	176,278

See accompanying independent auditor's report.

## Schedule 4

WAUKEE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 Year ended June 30, 2009

	Business Type Activities			Governmental Activities		
	Nonmajor Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Daycare	Total	Flexible Benefits	Self-funded Dental Plan	Total
Operating revenue:						
Local sources:						
Charges for services	\$ 2,217,223	753,598	2,970,821	369,155	216,913	586,068
Operating expenses:						
Support services:						
Administration:						
Salaries	185,506	-	185,506	-	-	-
Benefits	11,881	-	11,881	-	-	-
Purchased services	49,856	-	49,856	-	-	-
	247,243	-	247,243	-	-	-
Operation and maintenance:						
Supplies	2,899	-	2,899	-	-	-
	2,899	-	2,899	-	-	-
Transportation:						
Purchased services	-	7,266	7,266	-	-	-
	-	7,266	7,266	-	-	-
	250,142	7,266	257,408	-	-	-
Non-instructional programs:						
Food service operations:						
Salaries	713,341	-	713,341	-	-	-
Benefits	283,021	-	283,021	-	-	-
Purchased services	59,383	-	59,383	-	-	-
Supplies	1,224,015	-	1,224,015	-	-	-
Other	4,761	-	4,761	-	-	-
Depreciation	144,872	-	144,872	-	-	-
	2,429,393	-	2,429,393	-	-	-
Other enterprise operations:						
Salaries	-	443,955	443,955	-	-	-
Benefits	-	83,751	83,751	363,594	184,370	547,964
Supplies	-	60,170	60,170	-	-	-
Other	-	18,615	18,615	-	-	-
Depreciation	-	1,515	1,515	-	-	-
	-	608,006	608,006	363,594	184,370	547,964
	2,429,393	608,006	3,037,399	363,594	184,370	547,964
Total operating expenses	2,679,535	615,272	3,294,807	363,594	184,370	547,964
Operating income (loss)	(462,312)	138,326	(323,986)	5,561	32,543	38,104

## Schedule 4

WAUKEE COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 PROPRIETARY FUNDS  
 Year ended June 30, 2009

	Business Type Activities			Governmental Activities		
	Nonmajor Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Daycare	Total	Flexible Benefits	Self-funded Dental Plan	Total
<i>Continued from previous page</i>						
Non-operating revenues:						
Interest on investments	9,348	3,629	12,977	-	-	-
Contributions	-	50	50	-	-	-
State sources	24,382	-	24,382	-	-	-
Federal sources	432,554	-	432,554	-	-	-
Federal food commodities revenue	128,332	-	128,332	-	-	-
Total non-operating revenues	594,616	3,679	598,295	-	-	-
Chenges in net assets	132,304	142,005	274,309	5,561	32,543	38,104
Net assets beginning of year	1,871,959	352,585	2,224,544	78,887	59,287	138,174
Net assets end of year	\$ 2,004,263	494,590	2,498,853	84,448	91,830	176,278

See accompanying independent auditor's report.

**WAUKEE COMMUNITY SCHOOL DISTRICT**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year ended June 30, 2009

	Business Type Activities			Governmental Activities		
	Nonmajor Enterprise Funds			Internal Service Funds		
	School Nutrition	Community Daycare	Total	Flexible Benefits	Self-funded Dental Plan	Total
Cash flows from operating activities:						
Cash received from sale of lunches and breakfasts	\$ 2,224,442	-	2,224,442	-	-	-
Cash received from miscellaneous operating activities	-	761,418	761,418	394,234	216,356	610,590
Cash payments to employees for services	(1,187,698)	(516,642)	(1,704,340)	(363,594)	(184,370)	(547,964)
Cash payments to suppliers for goods or services	(1,204,323)	(82,663)	(1,286,986)	-	-	-
Net cash provided (used) by operating activities	(167,579)	162,113	(5,466)	30,640	31,986	62,626
Cash flows from non-capital financing activities:						
Contributions - noncapital	-	50	50	-	-	-
State grants received	24,382	-	24,382	-	-	-
Federal grants received	432,554	-	432,554	-	-	-
Net cash provided by non-capital financing activities	456,936	50	456,986	-	-	-
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(34,464)	-	(34,464)	-	-	-
Net cash used by capital and related financing activities	(34,464)	-	(34,464)	-	-	-
Cash flows from investing activities:						
Interest on investments	9,348	3,629	12,977	-	-	-
Net increase in cash and cash equivalents	264,241	165,792	430,033	30,640	31,986	62,626
Cash and cash equivalents at beginning of year	825,295	336,468	1,161,763	53,808	59,175	112,983
Cash and cash equivalents at end of year	\$ 1,089,536	502,260	1,591,796	84,448	91,161	175,609
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ (462,312)	138,326	(323,986)	5,561	32,543	38,104
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Commodities used	128,332	-	128,332	-	-	-
Depreciation	144,872	1,515	146,387	-	-	-
Decrease (Increase) in accounts receivable	1,423	7,820	9,243	25,079	(557)	24,522
(Increase) in inventories	(19,500)	-	(19,500)	-	-	-
Increase in accounts payable	27,759	3,388	31,147	-	-	-
(Decrease) in salaries and benefits payable	(14,271)	-	(14,271)	-	-	-
Increase in compensated absences payable	2,082	1,944	4,026	-	-	-
Increase in other post employment benefits payable	18,240	9,120	27,360	-	-	-
Increase in unearned revenue	5,796	-	5,796	-	-	-
Net cash provided (used) by operating activities	\$ (167,579)	162,113	(5,466)	30,640	31,986	62,626
<b>Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:</b>						
Current assets:						
Cash and investments	\$ 1,089,536	502,260	1,591,796	84,448	91,161	175,609
Cash and cash equivalents at year end	\$ 1,089,536	502,260	1,591,796	84,448	91,161	175,609

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received federal commodities valued at \$128,332.

See accompanying independent auditor's report.

## WAUKEE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2009

Account	Balance beginning of Year	Revenues	Expenditures	Balance End of Year
<b><u>High School:</u></b>				
Alumni	\$ -	12,040	-	12,040
Ambassadors	78	-	-	78
Annual	23,746	39,286	52,606	10,426
Art Club	143	810	282	671
Athletics	5,942	279,047	274,732	10,257
Auditorium	181	-	-	181
Baseball	6,082	6,928	6,579	6,431
Baseball/Softball Facility	23,769	1,375	1,221	23,923
Best Buddies	-	304	7	297
Boys Basketball	7,321	33,061	31,016	9,366
Boys Cross Country	1,928	2,029	2,104	1,853
Boys Golf	702	2,711	2,922	491
Boys Soccer	207	6,427	5,710	924
Boys Swimming	-	10	-	10
Boys Track	1,384	7,135	6,701	1,818
Cheerleaders	6,872	19,122	11,031	14,963
Class of 2005	2,942	-	2,942	-
Class of 2006	2,620	-	2,620	-
Class of 2007	1,515	-	1,515	-
Class of 2008	4,315	940	5,255	-
Class of 2009	6,975	6,745	8,518	5,202
Class of 2010	6,591	9,015	9,003	6,603
Class of 2011	4,645	5,130	1,200	8,575
Class of 2012	-	4,440	-	4,440
Dance/Drill Team	9,832	17,192	9,989	17,035
Drama	1,173	4,359	2,146	3,386
Drumline	73	-	-	73
Earth Club	-	1,421	976	445
Electrathon	313	110	184	239
FCCLA Club	196	3,059	2,812	443
Flag Team/Color Guard	-	1,050	1,050	-
Football	6,321	54,242	43,917	16,646
Foreign Language Camp	174	-	174	-
German/International Club	454	1,464	1,325	593
Girls Basketball	3,344	11,106	11,923	2,527
Girls Bowling	-	1,012	726	286
Girls Cross Country	815	3,751	4,046	520
Girls Golf	188	1,092	371	909
Girls Soccer	4,982	5,228	4,962	5,248
Girls Track	-	6,130	6,130	-
Student Management	6,862	2,644	5,973	3,533
HS Musical	1,211	10,255	11,466	-
Instrumental Music	-	26,001	25,148	853
Interest	49,597	3,463	-	53,060
Literacy magazine	-	1,737	1,387	350
National Honor Society	245	-	221	24
Pep Club	167	-	-	167
SADD	436	-	-	436
SELF Room	857	3,952	3,301	1,508
Skills VICA	672	-	-	672
Softball	-	7,220	3,392	3,828
Speech	1,635	200	374	1,461
Student Council	-	6,776	5,837	939
Vocal Music	2,927	6,022	8,650	299



## WAUKEE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2009

Account	Balance beginning of Year	Revenues	Expenditures	Balance End of Year
Volleyball	12,800	13,043	7,925	17,918
Weight Room	441	-	136	305
Wrestling	-	10,826	10,303	523
Youth for Safe Schools	380	-	-	380
Interaccount transfers	-	(11,103)	(11,103)	-
<b><u>Prairieview:</u></b>				
Art Club	2,069	-	-	2,069
Athletics	8,064	21,538	17,491	12,111
Concessions	292	-	-	292
Dance Team	1,301	-	-	1,301
Drama	257	3,004	747	2,514
Drama Troupe	3,236	3,880	4,251	2,865
Student Management	8,472	6,030	5,587	8,915
Student Council	810	-	-	810
Swing Choir	471	-	-	471
Yearbook	-	14,970	11,339	3,631
<b><u>Middle School:</u></b>				
6th Grade	130	-	-	130
7th Grade	135	-	-	135
8th Grade	204	-	-	204
Athletic Resale	1,931	-	-	1,931
Concessions	1,171	441	-	1,612
Drama/Speech/Musical	8,222	1,908	1,624	8,506
Student Management	36,108	43,432	22,660	56,880
Instrumental Music	2,171	1,447	1,515	2,103
MS SELF	550	-	-	550
Swing Choir	7,729	1,486	829	8,386
Yearbook	6,117	16,015	2,355	19,777
<b><u>Elementary:</u></b>				
BV Instrumental Music	89	-	-	89
BV Student Management	19,007	3,008	4,660	17,355
BV Student Council	2,627	-	-	2,627
Eason Fine Arts	6,811	-	-	6,811
Eason Instrumental Music	300	-	-	300
Eason Student Management	18,435	7,437	12,306	13,566
Eason Playground	2,871	-	48	2,823
Eason Student Council	2,150	-	-	2,150
MG Student Council	-	195	65	130
MG Student Management	7,302	4,335	9,614	2,023
WE Instrumental Music	5	-	-	5
WE Fine Art	165	-	-	165
WE Student Management	27,804	4,137	3,476	28,465
WE Playground	2,710	-	-	2,710
WE Student Council	4,774	3,076	2,233	5,617
WH Instrumental Music	132	-	-	132
WH Student Management	24,448	7,119	12,064	19,503
Total	\$ 423,123	772,265	702,569	492,819

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
 SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year ended June 30, 2009

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
<b>Assets</b>				
Cash	\$ 9,675	-	9,675	-
<b>Total assets</b>	<b>\$ 9,675</b>	<b>-</b>	<b>9,675</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	\$ 10	-	10	-
Other payables	9,665	-	9,665	-
<b>Total liabilities</b>	<b>\$ 9,675</b>	<b>-</b>	<b>9,675</b>	<b>-</b>

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	2009	2008	2007	2006	2005	2004	2003
Revenues:							
Local sources:							
Local tax	\$ 38,492,214	32,425,053	26,907,371	21,898,342	18,724,901	14,220,453	12,501,101
Tuition	1,134,189	1,175,066	1,209,866	1,267,893	1,176,813	1,258,916	1,274,538
Other	2,185,922	2,432,638	2,604,416	1,935,241	1,383,507	914,311	959,469
State sources	23,361,214	21,804,292	18,700,021	16,110,389	13,424,393	10,926,968	9,691,405
Federal sources	1,021,619	479,500	485,203	437,201	407,377	254,243	207,125
Total	<u>\$ 66,195,158</u>	<u>58,316,549</u>	<u>49,906,877</u>	<u>41,649,066</u>	<u>35,116,991</u>	<u>27,574,891</u>	<u>24,633,638</u>
Expenditures:							
Instruction:							
Regular	\$ 23,090,642	20,040,299	16,944,785	14,497,759	12,045,774	10,074,061	9,180,177
Special	5,611,287	4,926,113	4,233,291	3,387,132	3,061,467	2,679,023	2,303,872
Other	2,932,365	2,389,598	2,147,056	2,096,796	1,896,088	1,443,770	1,354,138
Support services:							
Student	1,981,122	2,518,458	1,413,137	1,289,559	1,274,069	983,108	927,615
Instructional staff	2,372,731	2,450,310	1,631,053	1,393,248	1,475,734	1,331,528	604,992
Administration	4,145,264	3,639,159	2,909,779	2,711,319	2,270,519	1,965,351	1,515,229
Operation/maintenance of plant	3,778,765	3,829,770	3,023,278	2,764,387	2,114,247	1,584,289	1,567,336
Transportation	2,084,532	1,981,897	1,853,584	1,590,878	1,097,493	874,909	762,357
Non-instructional programs	-	29,955	265	-	-	369	352
Other expenditures:							
Capital outlay:							
Facilities acquisition	12,287,811	13,080,340	21,356,585	5,593,186	11,528,812	16,567,624	5,343,943
Debt Service:							
Principal	8,845,000	13,215,000	3,100,000	2,230,000	8,335,000	2,290,000	2,090,000
Interest	3,584,653	3,097,409	3,166,074	2,500,741	2,391,214	2,082,149	1,900,449
Fiscal charges	8,484	8,700	4,800	90,809	86,343	96,130	-
AEA flowthrough	1,922,343	1,696,590	1,434,517	1,198,063	995,297	823,781	770,245
Total	<u>\$ 72,644,999</u>	<u>72,903,598</u>	<u>63,218,204</u>	<u>41,343,877</u>	<u>48,572,057</u>	<u>42,796,092</u>	<u>28,320,705</u>

See accompanying independent auditor's report.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Nutrition Cluster Programs:			
School Breakfast Program	10.553	FY 09	\$ 54,102
National School Lunch Program	10.555	FY 09	506,784
			<u>560,886</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	FY 09	<u>156,768</u>
Vocational Education - Basic Grants to States	84.048	FY 09	<u>13,452</u>
Safe and Drug-Free Schools and Communities- State Grants	84.186	FY 09	<u>10,410</u>
Title III - English Language Acquisition State Grants	84.365	FY 09	<u>6,572</u>
Improving Teacher Quality State Grants	84.367	FY 09	<u>49,085</u>
Grants for State Assessments	84.369	FY 09	<u>35,100</u>
ARRA - State Fiscal Stabilization Fund(SFSF) - Education State Grants, Recovery Act	84.394	FY 09	<u>431,680</u>
Heartland Area Education Agency			
Special Education - Grants to States	84.027	FY 09	<u>278,591</u>
Total			<u>\$ 1,542,544</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Waukee Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Waukee Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Waukee Community School District, Waukee, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated May 5, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Waukee Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Waukee Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Waukee Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A *control deficiency* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Waukee Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Waukee Community School District's financial statements that is more than inconsequential will not be prevented or detected by Waukee Community School District's internal control. We consider deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Waukee Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we believe item II-A-09 is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waukeee Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Waukeee Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Waukeee Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Waukeee Community School District and other parties to whom Waukeee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Waukeee Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

May 5, 2010



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**Van Maanen, Sietstra & Meyer, PC**

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Waukee Community School District:

Compliance

We have audited the compliance of Waukee Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Waukee Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Waukee Community School District's management. Our responsibility is to express an opinion on Waukee Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Waukee Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Waukee Community School District's compliance with those requirements.

In our opinion, Waukee Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Waukee Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Waukee Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Waukee Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiency in internal control over compliance that we consider to be a material weakness.

A *control deficiency* in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We noted no deficiency in internal control over compliance that we consider to be a material weakness.

Waukee Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Waukee Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Waukee Community School District and other parties to whom Waukee Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Van Maanen, Sietstra & Meyer, PC*

Van Maanen, Sietstra & Meyer, PC  
Certified Public Accountants

May 5, 2010



WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.394 – ARRA State Fiscal Stabilization Fund – Education State Grants
  - Clustered programs:
    - CFDA Number 10.553 - School Breakfast Program
    - CFDA Number 10.555 - National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Waukee Community School District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

- II-A-09 Financial Reporting – During the audit, we identified material amounts of receivables and payables not recorded in the District's financial statements. Adjustments were subsequently made by the District to properly include these amounts in the financial statements.

Recommendation – The District should implement procedures to ensure all receivables and payables are identified and included in the District's financial statements.

Response – We will double check these in the future to avoid missing any receivables or payables transactions.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

**Part III: Findings and Questioned Costs for Federal Awards:**

**SIGNIFICANT DEFICIENCIES:**

No matters were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-09      Certified Budget - Expenditures for the year ended June 30, 2009, exceeded the amended certified budget amounts in the instruction and non-instruction functions.
- Recommendation – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.
- Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.
- Conclusion – Response accepted.
- IV-B-09      Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-09      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-09      Business Transactions - No business transactions between the District and District officials or employees were noted.
- IV-E-09      Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-F-09      Board Minutes - No transactions were noted requiring Board approval which had not been approved by the Board.
- IV-G-09      Certified Enrollment - No variances were noted in the basic enrollment data certified to the Department of Education.
- IV-H-09      Deposits and Investments - No instances of noncompliance were noted with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy.

WAUKEE COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2009

- IV-I-09      Certified Annual Report - The Certified Annual Report was not filed with the Department of Education timely and we noted significant deficiencies in the amounts reported.
- Recommendation – The District needs to have a better understanding of the operation of its current accounting system to properly record receivables and payables.
- Response – We are working on and continue to improve the information reported in the new accounting system.
- Conclusion – Response accepted.

- IV-J-09      Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.

- IV-K-09      Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			4,785,137
Expenditures/transfers out:			
School infrastructure:			
Land	570,969		
Improvements	1,050,358		
Debt service for school infrastructure:			
Revenue debt	3,163,810		4,785,137
			<hr/>
Ending balance		\$	-
			<hr/>